

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS ASSOCIATION  
GENERAL MEMBERSHIP MEETING  
MARCH 10, 2018  
PROPERTY OWNERS LOUNGE**

Transcriber: Kelli Myers

10:02AM Meeting called to order and Pledge of Allegiance said.

Dan Clark stated we have a quorum.

Dan Clark requested a motion to waive the reading of the Minutes.

MAKER: Bruno deVinck 381MR

SECOND: Sheldon Langer 458MR

Motion approved by visual inspection.

Joe LaVigna 150MR will be the chair of teller with Gary Valleau 147RM assisting.

Dan Clark requested a motion to accept the Minutes.

MAKER: Franca Morvillo 1194FW

SECOND: Peter Torchio 82FW

Motion approved by visual inspection

10:08AM Treasurers Report – Gerhard Buhler-see attached.

Reserves are vital for the community. The Operations Budget is based on a day to day needs basis. Masthope has been doing a good job managing their reserves. We have a long history of reserves. We have had the Restricted Capital Account and have added two more reserve accounts over the last few years, the Major Asset Replacement Account and the Food and Beverage Capital Account. We are in a very good place for funding these accounts and are in a ramp up phase. We are doing a Reserve Study. With the help of the Audit Committee and Management, we are 95% complete. We list everything the community has and analyze its life expectancy as well as replacement costs. A Reserve Plan is created. We monitor the assets and continue to update the plan. The Reserve Plan is available for review on our website. Things to come: the finance section in the Bylaws needs to be overhauled, rules were added overtime, and there were some inconsistencies. We are introducing new language for the Bylaws, simplify the rules and create more transparency. These proposed changes will be sent out 90 days before the November General Membership Meeting. The second item that has been discussed is an Asset Plan. We need to analyze what needs replacement and when. We hope to have this ready in the next fiscal year.

Jerry Ferraiuolo 861FW-Compliments the Board for doing a great job managing the Reserves and the idea of simplifying the wording for easier understanding. He asks what accounts is the money put in? Does the money get put in a regular account that does not generate any income or is it put into some risky investments? Gerhard answered. There is a software program that calculates when an asset would most likely need replacement and how much money should be set aside for it. The money is being held in interest baring accounts. It is not being invested in the stock market.

Paul Mora 643MR-He sees revenues collected and expenses. When money is received, when is it spent or is it put towards reserves? Gerhard explains that this treasurer's report is through January

31<sup>st</sup>, 2018. We collect dues at the beginning of our fiscal year. You would see a big increase at the start of the fiscal year. Those funds are used throughout the year for operations. Paul asks what is the ski loan that \$175 of dues collected is applied? Dan Clark responded that it is not the best wording. It does go towards payment of the loan and reoccurring expenses that occur on the mountainside. In 2007, they took out a \$3.5million loan. That paid for the double lift and the magic carpet. The maturity date was 2023. Management consolidated the three outstanding loans (ski, lodge and beach/rvr park). This combined loan will mature in 2023 rather than 2027 as some were. This consolidation will save the community approximately \$800,000. We are paying the loan however we build up a surplus that gets used towards other projects.

10:21am President's Report-Dan Clark-You are going to see paper coming your way. The Document Committee has been working on revising the Covenants for years. The revision is finally ready for attorney review. The Covenants originated in 1974. They were originally created from the developers prospective. The revision is now from the association prospective. The Environmental Control Committee is mentioned throughout the Covenants. ECC was an important role to the developer. That committee would oversee the development of the Community. Part of the revision is removing ECC from the Covenants and moving to the Bylaws as a standing committee. This reflects the reality we have today. Another part of the revision is moving some of the content to rules and regulations. Once the attorney review is completed, it will be mailed to the community for a vote. It will be a long process as a 2/3 majority vote is needed from all property owners. Another important topic is deer management. There is a huge number of deer in this community. Lyme disease is a big factor. There are different ways to control the population. One would be to stop feeding the deer. Dan continued that he does not see that happening. Another is a cull. Sharp shooters come in and take a certain number of deer. The deer get processed and sent to food banks. This is an expensive process and needs to be maintained every couple of years. Ron Tussel who is a game warden, has participated in a few culls this year. There is another option, DMAP. The community would apply for a permit to allow bow hunting in a designated area in the community. Only a certain number of tags would be given out to hunters. Masthope is going to apply for the permit however may decide not to give out the tags. The community has changed since he moved here. You were able to see rabbits in early 2000s, now you won't see any. The tag is for antlerless deer. It would be in Masthope's green space if it were to occur. Third, we have gone through serious storms. Staff did a phenomenal job. Many members were without power for almost a week. He thanks Randy and staff for all of their hard work.

Manager's Report-Randy Schmalzle-We just went through two major storms. We did not anticipate the amount of damage. PPL has crews in from all over trying to restore power. There was a tree across Falling Waters Blvd for almost a week that was entangled in power lines. This one tree was only damaging power to one house. So, it was not a priority on PPL's list. They are focused on getting power back to the majority. There are still some trees down that will be cleaned up in time. PPL is still working in the community. Randy compliments Masthope's staff for working so hard throughout the storm. He apologized for the confusion with the post of pushing snow back on the roads. We would never put snow back on the roadways. Masthope hired a contractor to help with snow removal. Last year we brought in a loader to help with snow removal. Lackawaxen Township did a great job during these storms. If trees are down and tangled in power lines, we cannot touch them. We need to wait for the power companies to remove them. The smaller companies are still working on getting their services up and running. Stables were out of power for over a week. The staff were walking through the woods to take care of the animals.

Randy thanked the stable staff for working so hard. Randy is going to request to get a generator for the stables in the near future. We are getting ready for summer. We are looking into roadway preservation. Pool needs some work. It is up for membership's vote. There is a drainage issue that is also up for vote today. It is a Masthope issue that needs to be corrected. We are looking for summer staff: gate checkers, boat masters, lifeguards and restaurant staff.

Ski Report-Randy Schmalzle-They weren't sure if they were going to make it into March two weeks ago. It was a good season. Randy presents Masthope with a \$211,000 profit sharing check. It is a pleasure to run the ski area. This was the first year that they had a pass compliance day. This entailed checking passes at the lift to make sure that the proper pass was being used by skiers whether it be a lift ticket, season pass or property owner's pass. There were about 6 volunteers that checked passes at the bottom of the ski hill. They did not find any violators however after they left ski staff caught 3 that were non-compliant. When there is an abuse of pass, a \$250 fine is issued and they must purchase a lift ticket. Please use your passes properly. It is for the health and benefit of the community. Today is Irishfest in the lodge. There will be no dancers due to the storms.

#### Property Owner's Time:

Anthony Falcone 229FW-Compliments the communications during the storm. Dan explains that Facebook was the main form of communication during the storm. With the infrastructure damage, would there be state funds available. Dan answered he didn't believe so. Anthony thanks ski for staying open late.

Jerry Jacobs 210FW-He has a question about the Covenants. How do you know who to send the ballot too? How do you know who voted or not? Dan explained that it is not a secret vote. It is only a yes that is recorded. Dan continued that once the vote was cast it stays with the property whether it is sold to someone else. Jerry asked what if the property owner changes his mind? By sending out the ballot again after receiving a no vote-we are asking that property owner to change his mind. Dan asked Attorney Farley to respond. He stated that he would first have to look at Masthope's covenants, the UPCA regulations and the non-profit organization rules and regulations. This would determine how the votes would need to be recorded. Jerry added that there are two sets of Covenants, one for Falling Waters and one for Masthope Rapids. Dan quickly replied that after seeking legal counsel, it determined that Masthope is governed by the latest set of Covenants. Jerry asked if we were looking to streamline one set of covenants? Attorney Farley corrected Jerry. It is not to streamline, amend the covenants to better suit the community.

Michael Seyfried 157MR-Is surprised that you can work on changing the covenants. Attorney Farley explained how Hemlock Farms revised their covenants. Maintenance did a great job during the storm. Mike continued that the cell tower went down. Wanted to know why it went down? Dan explained that the tower is being sold to another company. It is not Masthope's responsibility to maintain the cell tower. It is the company's responsibility.

Gary Valleau 147RM-Asks if the lodge is a Red Cross Shelter. Dan answered yes. Who owns the generator that powers the lodge? Dan responds that the community does. With so many without power, trees down, the community blacked out, why did they open ski? It was announced on Facebook to come down to ski. Why didn't they do more for the community? Peoples food was

going bad. Why didn't they offer storage or aid to the community members? Dan replied that was an answer for Randy. Randy will have to answer that when he gets back.

Karen Spano 541FW-Can you explain the problem with the community IDs. Dan explained how the Compliance Day worked and the fraudulent use of passes by property owners.

Jerry Jacobs 210FW-Asks if they can do more compliance days in the future. Dan answered yes and that plan is being put in place.

Timothy Frohlich 654RM-Did you look into deer sterilization? Dan replied that he would have to ask Ron Tussel about it.

Halina Korzenny 587FW-Is there any plan to replace the cover on Masthope Plank Road? Dan explains that is a state road and we have no control over it. We encourage property owners to reach out to state representatives. Dan thanks everyone for attending the GMM. He explains that this is a great turn out.

John Grandy 6CM-Asks if the office could compose a letter and get members to sign it then send to the state in regard to the condition of Masthope Plank Road? Dan likes the suggestion and will bring it up at a Board meeting.

Rose Perrotti 164RF-Suggests put something on our website and Constant Contact where we click to sign. Dan said it is a good suggestion and will ask Elsie who is in charge of Communications to look into this. He complimented Elsie's sharpness with communications.

James Lynch 1089FW-He has never had his pass checked on the ski hill. Everywhere else they check passes. Forget compliance day; just check passes.

Frank Tavella 849FW-He is curious about the sewer system and the storm. Dan answered with no electricity you should no flush if you have a grinder pump. The grinder tanks fill up. Discussion continued about sewer system and generators.

Jerry Jacobs 210FW-We should get as many people as we can to call the Department of Transportation everyday to fix Masthope Plank Road. "The Squeaky Wheel"

Jerry Ferraiuolo 861RF-We should contact the local news station to take pictures of the roadway.

Louis Bell 347FW-Pointed out that the costs related to the storm. Discussion ensued but inaudible.

Frank Tavella 849FW-Confused about the Covenants. Dan explains all documents: Covenants, Bylaws, Property owners handbook can be found on line. Frank asked if the proposed changes are on line? Dan responded no it is not. It needs to get reviewed by our attorney first.

Karen Spano 541FW-Likes the idea of sterilizing deer.

Michael Seyfried 157MR-We learned quickly how unpleasant life turned with the storm that took away luxuries. He would like to see a plan in place to help people, especially the elderly that may need help but cannot reach out to anyone. Dan states that we will look into it.

Carlo Dianda 928RM-Is there any plan to expand the summer amenities? He is concerned about overcrowding. Dan explained that there is no where to expand the lake area. There was a proposal years ago, for a very small piece of land for \$90,000. Randy explained that some of our beach area does not belong to Masthope. Our neighbor allows us to use it. He continued that he is trying to develop more parking. Strategic Planning Committee is looking into expanding the pool area. There are some rough ideas out there.

Someone asked what is going to be done to the pool now? Randy explained that there is spalling on the bottom of the pool that is going to be fixed. There will be new tiles, steps, handrails and lighting.

Neal Twomey 972FW-How is the concrete around the pool. Randy responded that most of it is in good shape. Parts will be addressed.

Someone asked if the deer can be moved. Whitetail deer are very prone to stress. Moving deer would cause the majority to die. Randy continued to explain how Hemlock Farms Community did a deer cull because of their huge deer population. They took about 500 deer out of the community. The sharpshooters come in at night and no one was ever aware that they were in the community. Then the deer are processed and brought to food pantries.

Joe Vaiatica 309FW-Can the Board put a freeze on the dues for unimproved lots. Dan answered that there are a lot of unimproved lots. Dan explained that he has 5 lots. Joe said maybe increase just every 5 years.

Gary Valleau 147RM-There is an increase in building. Is there a cap on construction? Dan explained that there are 2300 lots. Masthope owns 500 lots. Most of the Masthope lots will not be developed. In 2004, there was a lot combination program in place that was meant to reduce the development in the community. Masthope purchased several lots that were at a repository sale to reduce development also.

Richard Neidkowski 197FW-It was the worst storm ever. He got a call at 3pm from a property owner who was stuck with no heat. Robin Way was not touched or Tanager. He widened up other roadways as well. He brought up people to the lodge and then the generator went out. There is no reason that the generator should go out. It should have been tested. It is an emergency shelter. The restaurant was charging \$10 for a frozen Scramble burger. It was a rip off. He checked on another property owner after he was stuck for 3 days in his house because a tree was down. He cut it up. There were no safety checks done in the community. Randy responded the generator is on a weekly self-test. Mechanical things break, and they break at the worst possible times. He was up most of the night working on the generator and contacting companies for guidance. Masthope Staff was working through the entire storm. Randy stated he was here through the entire storm. He was working on trucks, making sure the trucks were working through the entire storm. It was a terrible storm. We got call for welfare checks. Welfare checks were performed throughout the storm by public safety. We did a lot. We brought in ski employees to help the maintenance crew. Richie

stated that the Summit jacked up prices during the storm. Randy stated that is a flat out lie. We put out a \$5 meal for members, which seems reasonable. When people could not pay, they were still provided with a meal. We were here to help people. He continued that he hopes Richie is one voice because he knows that there are people out there that appreciated everything management and staff did during the storms. (Applause followed) Dan added that he was in constant communication with Randy and he and staff did a phenomenal job during the storm.

Jerry Jacobs 210FW-Asked if we could create an emergency phone system? Randy responded that an emergency call system would not have worked during this storm. We were able to communicate through Facebook. We were on Facebook several times a day updating property owners and answering their questions. Our phone system went down. The only line that was working was the public safety line until we lost cell service. Public Safety was answering their phone line responding to the calls. We transported people to the lodge and to the beach house. We helped people who were stranded on roadsides. We are here to help people any way we can.

Peter Torchio 82FW-Reiterated that cell service went down so emergency phone system would not work.

John Grandy 6CM-We need to look at this storm as a worst-case scenario. We should address the issues we encountered and try to remedy them if something like this should occur again. If we lose power, phone, internet and a person needs help, maybe we could have a flag system in place. They could put a flag out in front of there house showing that assistance is needed. Then staff could patrol looking for these flags and then help the home owner.

Anthony Falcone 229FW-In a case of a power outage, we could have a list of elderly with life threatening issues and go check on them first. Dan stated that still requires the individual to get that information to us.

Mike Seyfried 157MR-We could create a Preparedness Committee that would look out for one another.

Gerhard Buhler-Budget Presentation-see attached.

Preamble #1

Whereas there are existing contractual capital assessments for the ski loan, lodge loan, beach house/river park loan and the MAR fund assessment in the amount of \$381, and

Whereas money is needed for maintenance vehicle replacement, public safety vehicle replacement, fitness equipment replacement, lake and pool furniture, computer replacement, community landscaping, maintenance equipment rotation and snow removal equipment, which will add \$42 to each Capital Assessment, therefore be it resolved,

**MOTION: 01:03:10:2018**

**Approve the addition of \$42.00 to each 2018-19 dues assessment for annual rotational replacement and discretionary capital items.**

Vote Taken: 41 Yes - Present  
2 No - Present  
165 Yes – Directed Proxy  
133 No – Directed Proxy

TOTAL: 206 Yes  
135 No

Motion passed.

Preamble #2

Whereas the continuing operation of the Masthope pool complex requires essential maintenance work to fix occurrences of spalling, staining, tile loss and leaks, which will add \$44 to each Capital Assessment, therefore be it resolved,

**MOTION: 02:03:10:2018**

**Approve the addition of \$44.00 to each 2018-19 dues assessment for required maintenance of the Masthope pool complex.**

Vote Taken: 43 Yes – Present  
2 No – Present  
177 Yes – Directed Proxy  
117 No – Directed Proxy

TOTAL: 220 Yes  
119 NO

Motion passed.

Preamble #3

Whereas a significant erosion problem due to ongoing drainage issues has been identified, which will require the resizing of drainage swales, installation of properly sized drainage media, and a spreader distribution system, and which will add \$29.00 to each Capital Assessment, therefore be it resolved,

**MOTION: 03:03:10:2018**

**Approve the addition of \$29.00 to each 2018-19 dues assessment for required drainage/erosion control work.**

Vote Taken: 39 Yes – Present  
5 No – Present  
152 Yes – Directed Proxy  
140 No – Directed Proxy

TOTAL: 191 Yes  
145 NO

Motion passed.

New Business:

Dan Clark explains that there are 5 spots available for the July election. There are 4-3year terms available and 1-1year term. The one-year term was due to a resignation last July. The top four candidates receiving the highest number of votes will be seated as Directors of the Association for three-year terms. The candidate receiving the fifth highest number of votes will be seated as a Director of the Association for a one-year term.

Dan asks for a motion for adjournment.

Maker of the Motion: Sheldon Langer 458MR

Second: Franca Morvillo 1194FW

Motion passes by visual inspection.

Meeting adjourned 12:01pm.



Treasurer's Report for Period Ending January 31, 2018

Unaudited

Collections - YTD

	Jan 17	Dec 17	Jan 18
Total	2051	2045	2045
Billable	1752	1745	1745
Paid in Full	1588	1594	1605
Percent	90.6%	91.3%	92.0%
Outstanding	164	151	140
Total Bad Debt Lots	53	53	53

Unrestricted Income and Expense - YTD

	Jan 17 YTD	Dec 17 YTD	Jan 18 YTD
Revenues to date	\$2,502,978	\$2,509,319	\$2,550,290
Expenses to date	\$2,035,038	\$1,917,112	\$2,112,862
Net Surplus (deficit)	\$467,940	\$592,207	\$437,428
Margin (Net/Revenue)	18.7%	23.6%	17.2%

The Summit - YTD

Revenues to date	\$1,140,851	\$1,014,977	\$1,190,039
Expenses to date	\$1,053,727	\$983,136	\$1,141,173
Net Surplus (deficit)	\$87,124	\$31,841	\$48,866

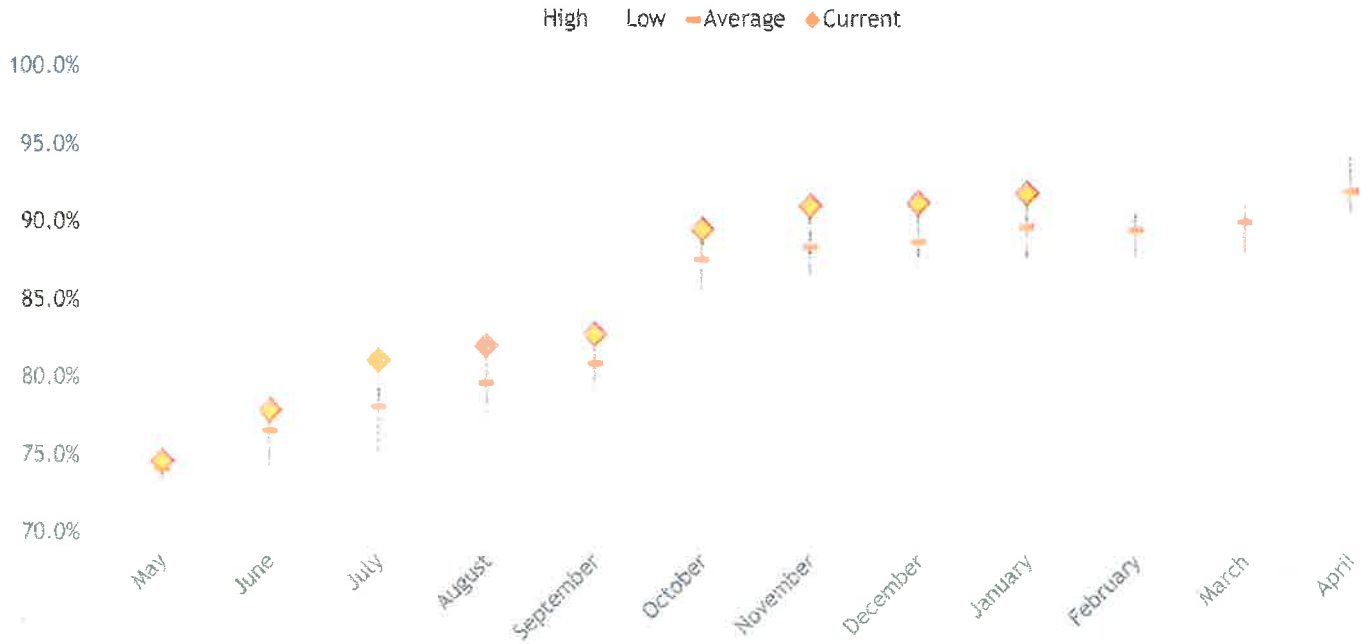
The Market Place - YTD

Revenues to date	\$341,350	\$343,686	\$381,688
Expenses to date	\$346,616	\$362,699	\$413,920
Net Surplus (deficit)	(\$5,266)	(\$19,013)	(\$32,231)

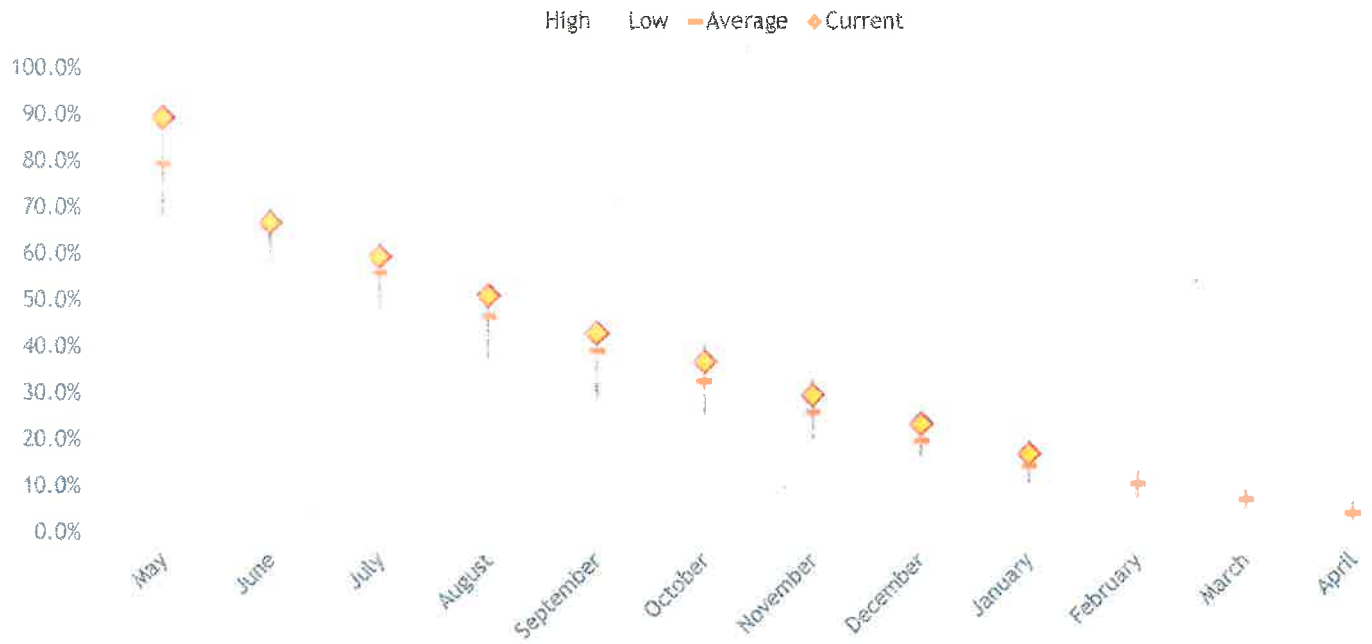
Summit/Market Net Surplus (Deficit)

	\$81,858	\$12,828	\$16,635
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## COLLECTION CHART - YTD



## OPERATIONS CHART - YTD OPERATING MARGIN



Budget Proposal  
Fiscal Year 2018-2019

Masthope Mountain Community  
Budget Town Hall  
January 13, 2018

# Agenda

What do we need for operating the community?

What is driving cost in 2018-2019?

Are there areas for cost reductions?

What about the Summit and the Marketplace?

New capital projects for 2018-2019




The bottom line – Operations and Capital Dues

# Budget Overview

What do we need for operating the community?

- From other income (stables, interest, fines, fees, etc.) \$2,632,100
- To cover from dues \$375,400
- \$2,256,700

Other income expected to be impacted by:

- Fewer stable boarders 
- Activities/Trips/Events 
- Collection and administration fees 
- Overall impact is small: \$15,750 increase in other income

## What is driving cost in 2018-2019?

By far the biggest cost increase is due to personnel cost and associated personnel cost (payroll taxes, payroll service, workers compensation insurance)

- Masthope is fortunate to have highly qualified staff and temporal / seasonal help
- We had significant problems filling certain positions this year, e.g. life guards
- Stiff competition from other local employers (Walmart, Woodloch, etc.) – they offer sign-on bonuses and higher hourly rates

Across all areas (stables, lake & pool, boat master, maintenance, office, etc.) the personnel cost increase is \$72,000. Workers compensation insurance adds an additional \$50,000.

## Are there areas for cost reductions?

Cost reductions were achieved in the following areas:

- Insurance contracts – across General, D&O, and Health Insurance, the cost reduction is \$56,000
- Road Maintenance – reduction of \$60,000 compared to 2017-2018

# What about the Summit and the Marketplace?

As in past years, the Summit and Marketplace are planned to be self sustaining and slightly profitable.

- Total income is budgeted at \$1,918,000
- Total expenses are budgeted at \$1,866,500



## New capital projects for 2018-2019

The community will vote on two new Capital Projects:

- Pool Surface Maintenance: \$75,000
- The pool needs urgent maintenance work to restore the surface
- If this work does not get done, we run the risk that the pool may not be open when needed
- The work would be completed before the pool season
- Drainage / Erosion Project: \$50,000
- Runoff water on Pebble Rock has caused damage on a downhill property
- The project will restore the erosion and provide proper drainage for the runoff

# Capital Assessment

Item	Amount 2018-2019	Amount 2017-2018	Comment
Ski Loan	\$175	\$175	These items are covered by motions and do not need to be voted on.
Lodge Loan	\$100	\$100	
Beach Hse/Riverpark Loan	\$57	\$57	
<b>Subtotal</b>	<b>\$332</b>	<b>\$332</b>	
MAR Reserve Funding	\$49	\$52	
Equipment rotation	\$42	\$53	These items need membership vote and approval
Pool Project	\$44	----	
Drainage Project	\$29	----	
<b>Total</b>	<b>\$496</b>	<b>\$437</b>	

# The bottom line – Operations and Capital Dues

For the 2018-2019 budget year, the dues for operations and capital, for improved and unimproved lots, are as follows:

	Improved Lots	Unimproved Lots	Increase
Operations	\$1,371	\$1,171	\$29
Capital	\$496	\$496	\$59*

The increase in operations dues is less than the 12-months Consumer Price Index (CPI) of 2.2%. The new capital projects (pool, drainage / erosion) and the rotational replacement of vehicles and equipment need to be voted on in March.

\* If all capital items up for vote are approved

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# Attachments

Additional Details for Individual Departments

Dept: Activities

(OPERATIONS)

	2018-2019	2017-2018
Expenses	\$38,000	\$39,100
Income	\$15,000	\$13,500

Dept: Administration

(OPERATIONS)

	2018-2019	2017-2018
Expenses	\$465,000	\$455,000
Income	\$222,500	\$213,750

Dept: Amenities

(OPERATIONS)

2018-2019

2017-2018

Expenses \$11,500

\$13,500

Dept: Fitness Center

(OPERATIONS)

	2018-2019	2017-2018
Expenses	\$69,600	\$69,650
Income	\$4,200	\$4,000



Dept: Lake & Pool

(OPERATIONS)

2018-2019

2017-2018

Expenses \$162,000

\$152,000

Dept: Lodge + Beach House (OPERATIONS)

	2018-2019	2017-2018
Expenses	\$132,500	\$133,000

Dept: Maintenance

(OPERATIONS)

2018-2019

2017-2018

Expenses \$457,000

\$445,000

Dept: Public Safety (OPERATIONS)

	2018-2019	2017-2018
Expenses	\$345,750	\$330,250

Dept: Summit / Marketplace (OPERATIONS)

	2018-2019	2017-2018
Expenses	\$1,866,500	\$1,800,000
Income	\$1,918,000	\$1,873,500

# Projects / Rotational

(CAPITAL)

In addition to existing commitments for Loans (Ski, Lodge, and Beach House/Riverpark), and for MAR reserves, the following capital items will need approval by GMM motions:

	Capital Amount	Assessment
Equipment Replacement*	\$71,000	\$42
Pool Project	\$75,000	\$44
Drainage Project	\$50,000	\$29

\*Rotational equipment replacement for Public Safety Vehicles, Maintenance Vehicles, Fitness Center, Computers, Beautification, Snow Removal, Mitce equipment, Lake&Pool Furniture.

